

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of Application of CALIFORNIA-AMERICAN WATER SERVICE COMPANY (U 210 W) for an order authorizing it to increase its rates for water service in its Los Angeles District to increase revenues by \$2,020,466 or 10.88% in the year 2007; \$634,659 or 3.08% in the year 2008; and \$666,422 or 3.14% in the year 2009.

Application 06-01-005  
(Filed January 9, 2006)

**ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S RULING  
REQUIRING CALIFORNIA-AMERICAN WATER SERVICE COMPANY TO PROVIDE  
PROPER CUSTOMER NOTICE OF ITS GENERAL RATE CASE APPLICATION AND  
SETTING A PREHEARING CONFERENCE ON MAY 12, 2006 TO DISCUSS A  
REVISED PROCEDURAL SCHEDULE**

In this ruling, we find that the customer notice California-American Water Service Company (Cal-Am) provided for this application does not meet the statutory requirements of Public Utilities Code Section 454(a) (Section 454(a)) and Rule 24 of the Commission's Rules of Practice and Procedure and, therefore, Cal-Am must renote its customers before the Commission can proceed to hold any evidentiary hearings on its application.<sup>1</sup> We set a prehearing conference (PHC) on May 12, 2006 to discuss a revised procedural schedule.

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<sup>1</sup> Section 454(a) provides, in pertinent part, that "...Whenever any electrical, gas, heat, telephone, water, or sewer system corporation files an application to change any rate, other than a change reflecting and passing through to customers only new costs to the corporation which do not result in changes in revenue allocation, for the services or commodities furnished by it, the corporation shall furnish to its customers affected by the proposed rate change notice of its application to the commission for approval of the

*Footnote continued on next page*

Cal-Am's notice did not include the total revenue requirement as a dollar and percentage amount as required under Section 454(a) and at the public participation hearings (PPHs) Cal-Am stated it intended to withdraw the rate design consolidation proposal it had included in its customer notice, thereby also violating the statutory provision for the utility to notice customers of the rate change it proposes for each customer classification. In its April 10, 2006 Motion to Bifurcate the Proceeding, Cal-Am states it will file its new rate design proposal on May 3, 2006. Within 15 days of this filing, Cal-Am should mail a revised notice of its application to all customers and the notice should include (1) the revenue requirement it requests as a dollar and percentage amount and (2) the rate design proposal as it affects the customers of each subsystem. Cal-Am should work with the Commission's Public Advisor and the Division of Ratepayer Advocates (DRA) on the content of the notice and should include in the notice the time and place of a Commission scheduled evening PPH for the Baldwin Hills subsystem and an afternoon PPH for the Duarte and San Marino subsystems. The Commission will not proceed to hold any evidentiary hearings until all customers have received proper notice.

This ruling notices a PHC for May 12, 2006. At this PHC we will discuss Cal-Am's motion to bifurcate the proceeding and set a revised procedural

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new rate...The notice shall state the amount of the proposed rate change expressed in both dollar and percentage terms for the entire rate change as well as for each customer classification, a brief statement of the reasons the change is required or sought, and the mailing, and if available, the e-mail address of the commission to which any customer inquiries may be directed regarding how to participate in, or receive further notices regarding the date, time, or place of, any hearing on the application, and the mailing address of the corporation to which any customer inquiries relative to the proposed rate change may be directed."

schedule. In its April 21, 2006 response, the DRA states it supports withdrawal of Cal-Am's rate consolidation proposal and finds bifurcation appropriate in light of the additional time needed to address a new rate design proposal.<sup>2</sup> In addition, DRA states it is ready and would like to proceed to serve its report on the revenue requirement issues on May 5, 2006 under the current procedural schedule and wait to address rate design, to include authority for a Water Revenue Adjustment Mechanism (WRAM), at a later date.

We find it beneficial for DRA to serve its revenue requirement testimony as scheduled on May 5, 2006. The City of Duarte stated that it would prefer to review DRA's report prior to preparing its testimony and other interested parties may share this view. We continue to have concerns about a bifurcated procedural schedule, especially one that overlaps, and this will be an issue to discuss at the May 12, 2006 PHC. All parties should be in a better position to evaluate a revised procedural schedule after they have had an opportunity to review Cal-Am's May 3, 2006 filing.

Therefore, **IT IS RULED**, that:

1. California-American Water Service Company must provide proper notice of its requested revenue requirement and proposed rate design to all customers prior to the Commission holding evidentiary hearings on its application.

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<sup>2</sup> DRA also states it opposes Cal-Am's request that "the final rate design approved in this proceeding be applied to Los Angeles District customers retroactive to January 1, 2007". On April 21, 2006, Cal-Am requested permission to file a response to this issue on April 25, 2006. The undersigned administrative law judge granted this request and provided for interested parties to respond by April 27, 2006. This issue will be addressed at the May 12, 2006 PHC.

2. Cal-Am shall provide revised customer notice within 15 days of filing its revised rate design on May 3, 2005. Notice should include the time and place of Commission scheduled public participation hearings in Baldwin Hills and the Duarte/San Marino area.

3. Division of Ratepayer Advocates should file its testimony addressing Cal-Am's revenue requirement, excluding rate design and Special Request #2, on May 5, 2006.

4. A prehearing conference will be held on May 12, 2006 at 1:30 p.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

Dated April 25, 2006, at San Francisco, California.

/s/ JOHN A. BOHN

John A. Bohn  
Commissioner

/s/ CHRISTINE M. WALWYN

Christine M. Walwyn  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner and Administrative Law Judge's Ruling Requiring California-American Water Service Company (Cal-Am) to Provide Proper Customer Notice of its General Rate Case Application and Setting a Prehearing Conference on May 12, 2006 to Discuss a Revised Procedural Schedule on all parties of record in this proceeding or their attorneys of record.

Dated April 25, 2006, at San Francisco, California.

/s/ JOYCE TOM

Joyce Tom

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

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TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.